

COUNTY OF NORTHAMPTON
EASTON, PENNSYLVANIA

Controller's Annual Report

January 1, 2014 - December 31, 2014



Stephen J. Barron, Jr., CFE
County Controller



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY
NORTHAMPTON COUNTY COURTHOUSE
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TIMOTHY P. BRENNAN, ESQ.
Solicitor

January 28, 2015

Dear Friends:

This past year was an amazing year for the County Controller's office. We continued to provide oversight and audit services to the county in new and innovative ways.

We introduced a new online fraud reporting tool which has been a useful way to provide tips to the office. We also have conducted several audits that have provided efficiency and savings to the taxpayers.

In 2014 we provided information to the public, council and the administration that has shown we are not only an effective check over the co-equal branches of government, but we are always looking for ways to help your tax dollars go further.

My staff and I value the trust placed in our office by the taxpayers and county employees. We strive to make you proud again in 2015. Thank you again and we look forward to serving you.

Sincerely,

Stephen J. Barron, Jr.
Northampton County Controller

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The County Controller's Office

Mission Statement

Our purpose is to audit County departments and entities receiving County funds in accordance with the Home Rule Charter and to make recommendations to County management that will improve the economy and efficiency of County operations, ensure compliance with laws and regulations, and strengthen internal controls safeguarding County assets.

The County Controller's Office

Office Staff

Stephen J. Barron, Jr., CFE
County Controller
BA Government and Politics
JD Law

Timothy P. Brennan, Esq.
Solicitor
BA Political Science and English
JD Law

Frank S. Kedi, CIA
Audit Manager
BS Accounting

Paul L. Albert, CIA
Lead Auditor
BA Accounting

Kathleen A. Kuzma, MBA, CPA, CGMA
Lead Auditor
BS Accounting and Business
MBA Accounting and Finance

Anthony D. Sabino, CIA
Lead Auditor
BA Journalism and Accounting

Stacy L. Duke
Auditor
BS Accounting

Stephanie Rath-Tickle, MLIS
Auditor
BS Business Administration and Literature
Master of Library and Information Science

Brandon Dunstane
Auditor
BS Business Management

The County Controller's Office

Professional and Community Involvement

Staff members belong to many professional organizations:

American Institute of Certified Public Accountants
American Library Association
Association of Certified Fraud Examiners
Association of Local Government Auditors
Institute of Internal Auditors
Institute of Management Accountants
Pennsylvania Institute of Certified Public Accountants
Pennsylvania Society of Tax and Accounting Professionals
Pennsylvania State Association of County Controllers

Employees are active in several other service organizations:

Easton Municipal Band
Gift of Life Donor Program
Greater Bethlehem Soccer League
Heights Athletic Association
Honorary First Defenders, Allentown Chapter – Finance Officer
Lehigh Valley Coalition for Organ & Tissue Donation
Musikfest/Christkindlmarkt
National Sokols Association
North Whitehall Township Recreation Board – Secretary
Pennsylvania Interscholastic Athletic Association
St. Joseph the Worker Parish Festival – Committee Chairperson
St. Joseph the Worker Parish Women's Guild

The County Controller's Office

Quality Control Review

Organizations conducting audits in accordance with *Government Auditing Standards* must have an external quality control review at least once every 3 years. The purpose of the quality control review is to determine whether an audit organization's internal quality control system is in place and operating effectively, and to provide assurance that established policies and procedures and applicable auditing standards are being followed.

The Northampton County Controller's Office underwent its most recent quality control review in May 2013 by a review team from the Association of Local Government Auditors (ALGA). Reports issued during the period January 1, 2010 through December 31, 2012 were reviewed.

We are pleased to have once again received a favorable opinion from the review team. Their report, dated May 16, 2013, can be found on the following page.



Association of Local Government Auditors

May 16, 2013

Mr. Stephen J. Barron, Jr., CFE
County Controller
County of Northampton
669 Washington Street
Easton, PA 18042

Dear Mr. Barron,

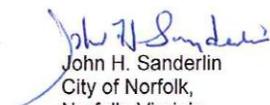
We have completed a peer review of the Northampton County Controller's Office for the period January 1, 2010 through December 31, 2012. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Northampton County Controller's Office's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period of January 1, 2010 to December 31, 2012.

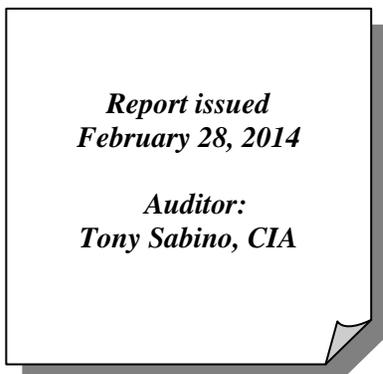

John H. Sanderlin
City of Norfolk,
Norfolk, Virginia


Perez Goree
City of Orlando,
Orlando, Florida

Summary of Reports Issued Performance Audits

Administration

Data Privacy



The purpose of this audit was to ensure that an adequate level of security is maintained over private data collected in the Human Services Department.

The scope included all Human Service Divisions, as well as a review of County-wide policy and actions taken by the County's Information Services Department to protect electronic private data.

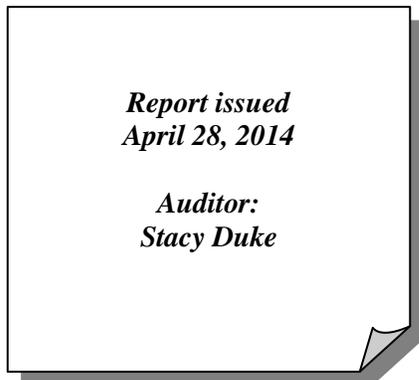
AUDIT RESULTS

The Human Services Department is fully aware of the laws and regulations regarding the privacy of data collected from clients in the course of providing services. We found that all of the Divisions within this Department make every effort to comply with the various laws and regulations regarding data privacy. Employees are trained and periodically retrained to ensure they are fully aware of all of the requirements related to the custody of sensitive and private information. In our audit, we only found two minor areas where improvements might be made, but on the whole the Department protects private information and retains it only as long as they are legally required.

Summary of Reports Issued Performance Audits

Procurement

P-Card Program



The County's Procurement Card Program began in April 2002 and currently has 146 cardholders. The program is administered by the Procurement Division with the assistance of a Fiscal Affairs accountant assigned to the program.

The audit objectives were to:

- Determine if controls over the processing of p-card transactions are adequate.
- Determine if the program is in compliance with County regulations.
- Determine if the program is being run economically and efficiently.
- Determine if corrective action was taken on findings reported in the 6/30/12 p-card audit.

AUDIT RESULTS

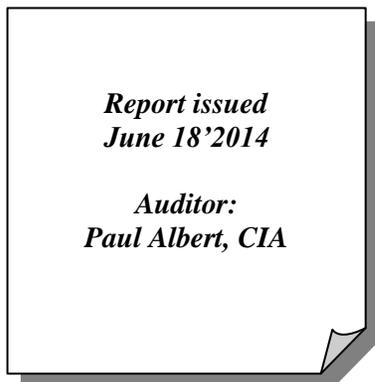
The Procurement Card Program continues to be an efficient, cost-effective method of paying for purchases without the need for petty cash, small purchase orders or accounts payable checks.

Overall the program is working as intended although we found that several policies and procedures should be updated and clarified to help assist cardholders with processing specific transactions.

Summary of Reports Issued Performance Audits

Court Services

Wills-Orphans Agency Fund



The Register of Wills and Orphans' Court are two of several divisions that are part of the Department of Court Services. They share common office space and are managed by the same supervisor.

The Register of Wills is responsible for the docketing, filing, retrieval and maintenance of documents pertaining to estates of decedents.

The Orphans' Court is responsible for processing documents pertaining to adoptions and termination of parental rights, guardianships for minors and adjudications of incapacity, and other dependency matters relating to juveniles.

The purpose of our audit was to determine:

- The adequacy of internal controls.
- Compliance with laws, regulations, policies and procedures.
- The economy and efficiency of the procedures and processes.

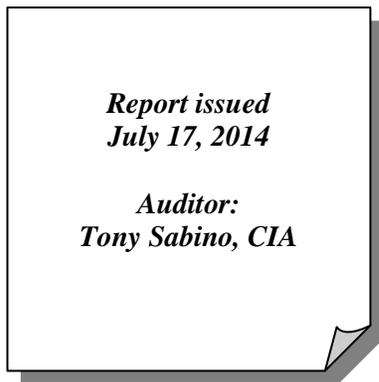
AUDIT RESULTS

- Overall, the financial transactions and processes in the Register of Wills and Orphans' Court Agency Funds are functioning well. This is in part due to changes made in the office during the last 16 months to improve controls and make some processes more efficient.
- It will be difficult to achieve greater efficiency due to limitations of the computer system used by these two offices.
- Recommendations were made for some internal control weaknesses identified in the early stages of the audit, and corrective action was taken by the time the audit was completed.
- Management changed some processes in the offices that resulted in greater efficiency and also brought in more revenue to the County.

Summary of Reports Issued Performance Audits

Human Resources

National Vision Administrators



On September 13, 1993, the County entered into a contract with National Vision Administrators (NVA) for third-party administration of the County's vision benefits.

The County is self-insured for health benefits; NVA pays the providers as they receive claims and the County reimburses NVA for these expenditures via wire transfer.

Between October 2012 and September 2013, the County spent \$21,101 to pay for vision claims for enrolled employees and eligible family members, and an additional \$4,780 in administrative fees to NVA.

The purpose of the audit was to:

- Determine if vision claims are being processed accurately by the third-party administrator.
- Ensure that payments are made only on behalf of eligible enrollees and for covered procedures.

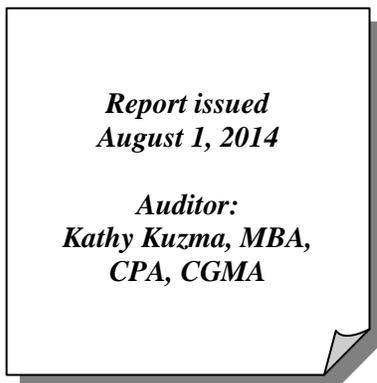
AUDIT RESULTS

- For the most part, vision claims are being processed accurately by NVA. We found no evidence of duplicate claims. We did find claims totaling \$527 paid for 14 individuals who are not eligible.
- There were 466 individuals on the NVA eligibility list who were retired or terminated employees. These errors were not caught by the County because there is no mechanism in place to periodically review the eligibility list.
- We also noted that the NVA contract has been automatically renewed every year since 1993 and as a result the original contract is now in violation of the updated Administrative Code in several areas.

Summary of Reports Issued Performance Audits

Human Resources

Leave Time Lump Sum Payouts



Upon termination from County employment, employees that have accrued vacation, personal and sick time may be entitled to receive lump sum payouts, based on County policies or the terms of their CBAs.

The purpose of the audit was to:

- Determine if internal controls are established and are effective with regard to leave time lump sum payouts.
- Determine compliance with County policy and collective bargaining agreements with regard to leave time lump sum payouts.

AUDIT RESULTS

While our testing revealed that there were no individually material overpayments with leave time lump sum payouts, errors are occurring. If these errors are not addressed and continue to go undetected, they could have a negative financial impact to the County over time.

Improvements could be made to the lump sum payout process if current practices were reviewed and fully documented in the County's Policies and Procedures. Internal controls could be improved if there was a workflow process established which notified all necessary parties and required their review and approval of lump sum payouts.

Summary of Reports Issued Performance Audits

Corrections

Community Corrections

*Report issued
November 12, 2014*

*Auditor:
Paul Albert, CIA*

The Community Corrections section of the Jail consists of the Community Corrections Facility (CCF) on South Union St. in Easton and the West Easton Treatment Center (WETC). Inmates in those facilities have the opportunity to obtain work outside the facility.

When inmates begin employment, they agree that their paychecks will be sent directly to Community Corrections where standard charges are applied. The Community Corrections agency fund consists of money received from inmates' paychecks and the resulting disbursements from them to the County and third parties.

The audit was conducted as part of our routine rotation of audits involving Jail operations.

The purpose of the audit was:

- To determine if internal controls over the processing of financial transactions are adequate.
- To determine compliance with policies and procedures, laws and regulations.
- To determine if processes are efficient and effective.

AUDIT RESULTS

- Clerical staff at the main Jail should be cross-trained so they could fill in at Community Corrections when someone is out.
- Some duties should be reassigned so that management isn't involved in the daily processing of receipts, but rather reconciles receipts to deposits at the end of the process.
- The calculation of room and board charges for those inmates that were neither working nor on house arrest is inconsistent and could be improved.

Summary of Reports Issued Performance Audits

Community and Economic Development

Hotel Tax Distribution

*Report issued
December 18, 2014*

*Auditor:
Kathy Kuzma, MBA,
CPA, CGMA*

On May 5, 2008 County Council enacted Ordinance No. 484 authorizing that 12.5% of Hotel Tax revenues be allocated equally to ArtsQuest and Lehigh Valley Public Telecommunications Corporation (PBS-39), until a total of \$1,000,000 each is reached.

The audit was performed to comply with the requirements of Ordinance No. 484.

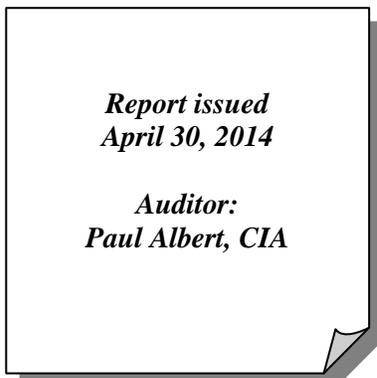
AUDIT RESULTS

- ArtsQuest and PBS-39 are in compliance with the broad requirements listed in Ordinance No. 484 and with specific requirements of the grant agreements.
- ArtsQuest should consider other banking options to be compliant with Article 3, Section 3.1 of their grant agreement with the County.
- ArtsQuest has received a total of \$592,195 through 12/31/2013 and PBS-39 has received a total of \$651,095 through 6/30/2014.

Summary of Reports Issued Financial Audits

Probation and Parole

Supervision Fee 6/30/13



In 1991, the State established a monthly supervision fee for all active adult probation and parole cases. The Department of Adult Probation and Parole administers the program and the Criminal Division collects the monthly fees.

State Supervision Fee regulations require an annual audit of the County's Supervision Fee account. In order to comply with this requirement, we conducted an audit of the Offender Supervision Fee Program for the fiscal year ended June 30, 2013.

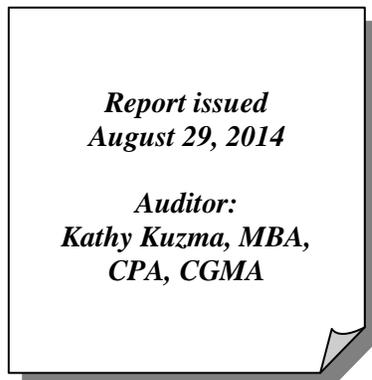
AUDIT RESULTS

- In our opinion, the Statement of Revenues and Expenditures of the Offender Supervision Fee Program does not present fairly the results of the Supervision Fee Program because supervision fees are not assessed on defendants under the supervision of the DUI Office.
- Defendants under the supervision of DUI are charged a \$30 monthly "DUI Parole Fee" which amounted to \$290,435 for the fiscal year ended June 30, 2013. This entire fee is retained by the County instead of submitting half of it to the State, and the amount collected is not reported to the State.

Summary of Reports Issued Financial Audits

Administration

Conservation District



In 1999, the State Conservation District revised their audit standards to require annual audits of all County Conservation Districts. The audit must be completed by October 1st of the year following the close of the calendar year being audited.

In order to comply with this requirement, we conducted an audit of the Northampton County Conservation District as of December 31, 2013.

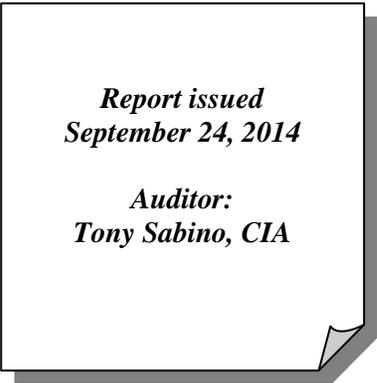
AUDIT RESULTS

- In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Conservation District of the County of Northampton for the year ended December 31, 2013.
- The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted no matters involving the internal control over financial reporting and its operation that we consider a material weakness.

Summary of Reports Issued Financial Audits

District Attorney

Controlled Substances Forfeiture Act



The Northampton County District Attorney's Office administers the Controlled Substances Forfeiture Act. Forfeited property is transferred to the custody of the District Attorney and can only be used for the "purpose of enforcing the provisions of the Controlled Substance, Drug, Device and Cosmetic Act."

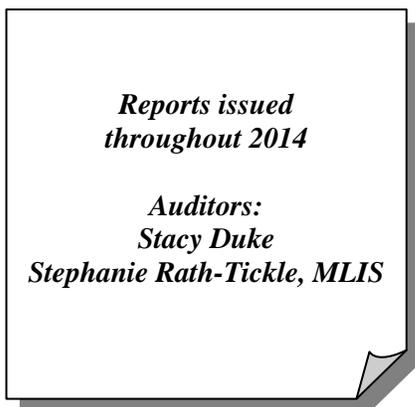
Our audit was conducted for the purpose of complying with Pennsylvania State regulations that mandate an annual audit of the Controlled Substances Forfeiture Program.

According to Pennsylvania law, results of our audit are to remain confidential.

Summary of Reports Issued Financial Audits

Court Administration

Magisterial District Justices



Pennsylvania State law requires the Controller to audit the accounts of the fifteen magisterial district courts in Northampton County.

Audit reports issued for the years ended December 31, 2011 and December 31, 2012:

- 03-2-04 David W. Tidd, Esq.

Audit reports issued for the years ended December 31, 2012 and December 31, 2013:

- 03-2-01 Roy A. Manwaring, Esq.
- 03-2-08 John C. Capobianco
- 03-2-09 Jacqueline M. Taschner, Esq.
- 03-2-11 Patricia Romig-Passaro
- 03-2-12 Richard Yetter, Esq.
- 03-3-01 Robert A. Hawke
- 03-3-02 Douglas Schlegel, Sr.

AUDIT RESULTS

- The financial statements present fairly in all material respects, the financial position of the district courts.
- Some of the internal control and compliance issues reported included:
 - Constables were overpaid for server fees.
 - Constable payment sheets contained math errors.
 - Warrants were not issued.
 - The bank reconciliation process was not adequately segregated among the staff.
 - Petty cash vouchers were not signed by an authorized signer.
 - Petty cash duties were not adequately segregated among the staff.

Summary of Reports Issued Agreed Upon Procedure Engagements

Human Resources

Payroll Analysis



This agreed upon procedure was performed to ensure that the County payroll was accurately calculated and properly disbursed for the period April 1, 2011 to March 31, 2012.

The agreed upon procedures were as follows:

- Investigate payments to identical direct deposit accounts for unrelated employees.
- Investigate identical addresses between vendor database and the employee database where the vendor database does not correspond to an employee name.
- Ensure longevity is paid to eligible active employees.
- Ensure that salary increases do not exceed approved percentages and that yearly salaries do not exceed guidelines established by policy or collective bargaining agreement.
- Determine whether County Policy is followed for out-of-class employees.
- Ensure that unusual pay codes are not used to conceal improper payments.

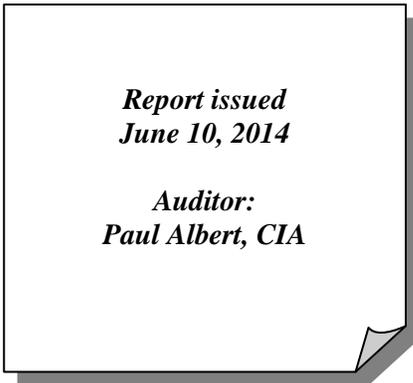
AUDIT RESULTS

- All duplicate direct deposits were explained.
- All address issues were explained.
- Of the 1,181 employees who received longevity payments, 6 received payments that contained errors. Two employees did not receive longevity payments, although they met the criteria set forth in their union contracts.
- Salary increases do not exceed approved percentages and yearly salaries do not exceed guidelines established by policy or collective bargaining agreements.
- County Policy is being followed for all out-of-class employees.
- Unusual pay codes did not appear to conceal any improper payments.

Summary of Reports Issued Agreed Upon Procedure Engagements

Internal Controls - Cash

Department of Corrections - Other Revenue



The purpose of this agreed upon procedure was to evaluate the County's cash collection process in the Department of Corrections.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.

AUDIT RESULTS

- The segregation of duties over the cash collection functions for this type of revenue in the Jail is adequate.
- Receipts tested included checks, cash, and ACH transfers; all of which were submitted to the County Revenue Department for bank deposit and/or entry into the IFAS accounting system on the same day as received. However, checks received by the Jail were not being stamped with a "For Deposit Only – County of Northampton" restrictive endorsement at the time of receipt.

Summary of Reports Issued Agreed Upon Procedure Engagements

Internal Controls - Cash

Law Library



The purpose of this agreed upon procedure was to evaluate the County's cash collection process in the Law Library.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.
- For departments with bank accounts:
 - Determine if bank reconciliations are done monthly and reviewed by a supervisor.
 - Agree account balances to the ONESolution system.
 - Select a sample of 5 receipts and verify that they were deposited on the same day and if possible, that the cash/check mix agrees to the validated deposit slip.
 - Select a sample of 5 disbursements and examine the cancelled check to verify the payee, amount, and endorsement.

AUDIT RESULTS

- Our review showed that a proper segregation of duties is in place for cash collections.
- There were no receipts or deposits during the period under audit.
- Bank reconciliations were performed monthly and reviewed by a supervisor, and the account balance agreed to ONESolution. No disbursements were made during the period under review.

Summary of Reports Issued Agreed Upon Procedure Engagements

Corrections

Community Education Centers, Inc. (CEC)

*Report issued
August 18, 2014*

*Auditors:
Stephen Barron, CFE
Paul Albert, CIA
Tony Sabino, CIA
Kathy Kuzma, MBA,
CPA, CGMA*

The purpose of this agreed upon procedure was to comply with Council Resolution Number 15-2014.

There were twelve specific procedures included in the council resolution, however the most significant of these was:

- To provide an analysis of the samples and measures used to make the claims of the program's success.

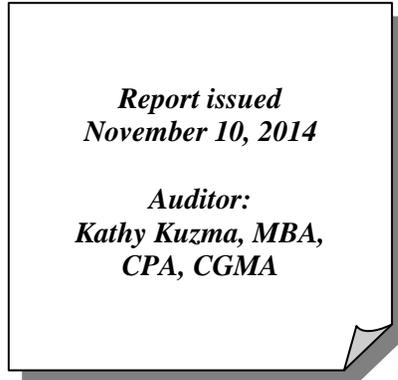
AUDIT RESULTS

- Some people who reoffended after completion of the CEC program were not counted in the data tracked by CEC. As a result we calculated a recidivism rate of 40.7% versus 35% calculated by the CEC.

Summary of Reports Issued Agreed Upon Procedure Engagements

Fiscal Affairs

911 Tax Reimbursement



When Northampton County established its 911 system three municipalities in the County (City of Bethlehem, Borough of North Catasauqua, and Borough of Walnutport) already had 911 services and opted not to utilize the Northampton County 911 system. Since 911 costs in excess of user fees are paid from the County's general revenues, reduced millage rates were assigned to these municipalities to adjust for 911 costs considered funded by their property tax revenues.

An agreed-upon-procedures engagement is scheduled annually to:

- Review and verify all calculations (based on estimates) which resulted in millage reductions for affected municipalities.
- Using actual expenses, determine the variance between these expenses and the estimates used to calculate the millage reduction.

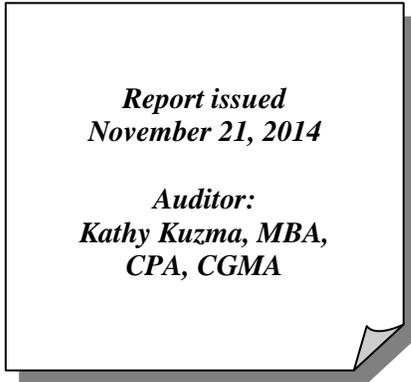
The scope of the engagement was the 2013 real estate tax year reimbursement.

AUDIT RESULTS:

- We traced all data used in the calculations to supporting documentation and reviewed the conceptual basis for using certain data in the computation of the millage reduction. We also recalculated all computations. We found the estimated millage reduction to be reasonable and all calculations accurate.
- The calculated total due to taxpayers based on actual 2013 expenses was \$412,773. The lower millage rate reduced taxes by \$486,063 resulting in a reduction to taxpayers that was \$73,290 more than actual expenses. The 2014 difference will be recaptured in the 2015 millage reduction based on actual expenses.

Summary of Reports Issued Agreed Upon Procedure Engagements

Internal Controls - Cash Fiscal Affairs



The purpose of this agreed upon procedure was to evaluate the County's cash collection process in the Fiscal Affairs Department.

The specific procedures were to:

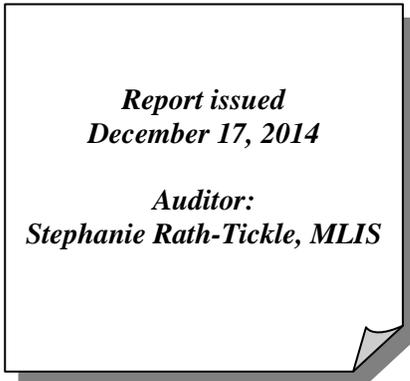
- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.

AUDIT RESULTS:

- Segregation of duties with regard to cash collection work assignments provides for adequate control.
- The Financial Planning and Control division did not have any cash receipts.
- All receipts tested for Assessment were recorded through the Revenue registers on the day received or the next business day, and were deposited to the County's common account.
- All receipts tested for GIS were recorded through the Revenue registers and were deposited to the County's common account. It could not be determined if GIS deposits were made on the date of receipt.

Summary of Reports Issued Agreed Upon Procedure Engagements

Internal Controls - Cash Human Resources



The purpose of this agreed upon procedure was to evaluate the County's cash collection process in the Human Resources Division.

The specific procedures were to:

- Review cash collection work assignments to determine if a proper segregation of duties is in place.
- Determine if deposits are made on the day cash is received.

AUDIT RESULTS

- Based on our review, proper segregation of duties appears to be in place.
- Two deposits were made the day the deposit was received by Human Resources or within a week if the deposit was less than \$25. Two deposits were not made in a timely manner. The timeliness of the fifth deposit could not be determined because the date of receipt was not stamped on the check copies or other supporting materials.

Summary of Reports Issued Agreed Upon Procedure Engagements

Community and Economic Development

Hotel Tax



During 2014 the Controller's Office issued reports for the hotels listed below which are located in Northampton County. The purpose of the engagements was to ensure the accuracy and timeliness of the taxes remitted to the County.

Reports issued for the years ended December 31, 2011 and December 31, 2012:

- #109 Nazareth Motel
- #111 Bethlehem Inn
- #120 Sayre Mansion
- #123 Extended Stay America
- #140 Hyatt Place

Reports issued for the years ended December 31, 2012 and December 31, 2013:

- #107 Wydnor Hall Inn
- #127 Holiday Inn Bethlehem
- #128 Holiday Inn Express Bethlehem
- #130 Morningstar Inn
- #135 Grand Eastonian Suites Hotel
- #139 Kirkridge Retreat Center
- #144 Woodstone Golf Club
- #148 Sands Casino Resort
- #149 Shady Acres Campground

AUDIT RESULTS

- Hotel tax and interest due from these hotels was calculated to be \$3,707.
- Some hotels were not using the most current remittance form and/or completing the form correctly.
- In some instances, remittance was made after the due date.
- Some hotels claimed invalid exemptions.

Summary of Follow-Up Reports

Health Care Claim Processing

*Report issued
January 20, 2012*

*Follow-Up Report
July 15, 2014*

Corrective action is in process for the unresolved audit concern.

No further follow-up will be performed.



Weights & Measures

*Report issued
July 5, 2012*

*Follow-Up Report
May 22, 2014*

Corrective action is in process for the unresolved audit concern.

No additional follow-up is planned.



ACS Contract

*Report issued
July 25, 2012*

*Follow-Up Report
January 29, 2014*

Corrective action was not taken for three of the nine audit concerns.

No additional follow-up will be performed.

Summary of Follow-Up Reports

Dental Claims Processing

*Report issued
October 17, 2012*

*Follow-Up Report
July 15, 2014*

Corrective action was taken for five of the six audit concerns.

No additional follow-up will be performed.



Civil/Sheriff Agency Fund

*Report issued
May 10, 2013*

*Follow-Up Report
August 19, 2014*

Corrective action has been taken for four of the six audit concerns.

Additional follow-up will be conducted in February 2015.



Assessment Division

*Report issued
May 22, 2013*

*Follow-Up Report
June 18, 2014*

Corrective action has been taken for all but one of the six audit concerns.

Additional follow-up will be conducted in January 2015.

Summary of Follow-Up Reports

Inmates' Personal Property Account

*Report issued
August 27, 2013*

*Follow-Up Reports
April 15, 2014
October 27, 2014*

Corrective action has been taken for both audit concerns.

Additional follow-up will not be performed.



Domestic Relations Agency Fund

*Report issued
October 22, 2013*

*Follow-Up Report
April 23, 2014*

Corrective action has been taken for both audit concerns.

No additional follow-up will be performed.



Data Privacy

*Report issued
February 28, 2014*

*Follow-Up Report
October 6, 2014*

Corrective action was taken for both of the audit concerns.

No further follow-up is planned.

Summary of Follow-Up Reports

**Wills / Orphans
Agency Fund**

*Report issued
June 18, 2014*

*Follow-Up Report
December 22, 2014*

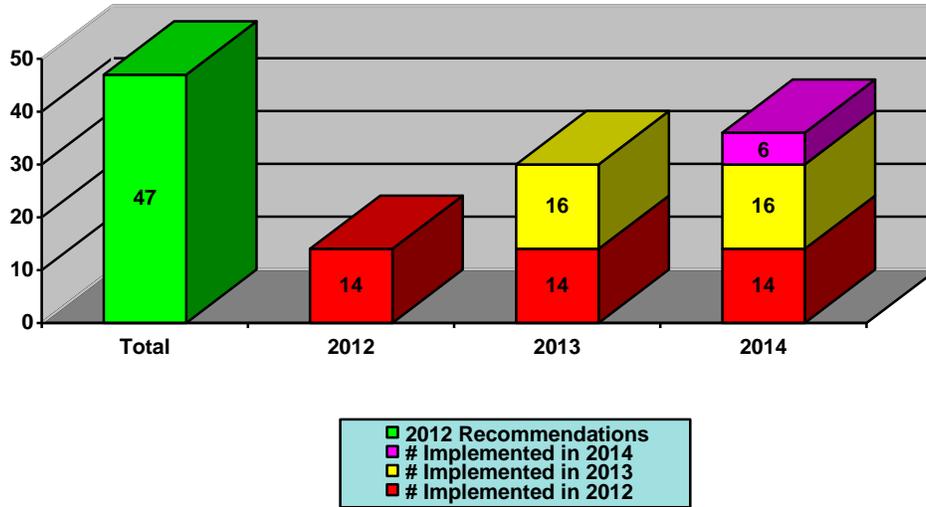
Corrective action has been taken for four of the six audit concerns.

Additional follow-up will be conducted in June 2015.

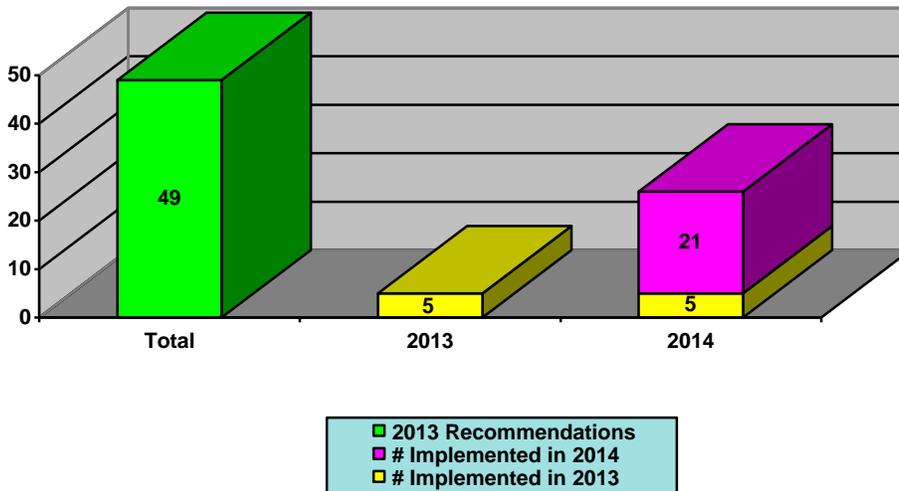
Summary of Follow-Up Reports

The following graphs illustrate how audit follow-up encourages the implementation of corrective action.

2012 Audit Recommendations



2013 Audit Recommendations



Summary of Nonaudit Services

The Controller's Office provided nonaudit services to County employees and departments in 2014. Some of these services are listed below.

Committees

Auditor:
Frank Kedl, CIA

Non-voting member of the Information Services Governance Committee and the Administration and Administrative Services Subcommittee.



Consulting

Auditors:
Paul Albert, CIA
Tony Sabino, CIA
Kathy Kuzma, MBA,
CPA, CGMA

The Controller's Office provides computer assistance to County employees upon request.

Staff assists offices in documenting procedures for their office manuals.

Staff assists offices with internal control questions and other procedural issues.



DCED Report

Auditor:
Stephanie Rath-Tickle, MLIS

Prepared the Pennsylvania Department of Community and Economic Development's Annual Audit and Financial Report.

Summary of Nonaudit Services

**Debt
Statement**

*Auditor:
Tony Sabino, CIA*

In compliance with section 402.3 of the County of Northampton Home Rule Charter, we prepared a statement of bonded indebtedness of Northampton County for the period ending December 31, 2013 with projections to December 31, 2014.



Peer Reviews

*Auditor:
Kathy Kuzma, MBA,
CPA, CGMA*

Staff member lead the peer review team of the Lehigh County Controller's Office.



**Post Audit
Support**

*Auditors:
Tony Sabino, CIA
Stacy Duke*

We used ACL to compare the list of active employees to the list of employees eligible for medical benefits. A report of exceptions was provided to Human Resources.

We produced ACL reports of potential split p-card purchases for the staff of the Procurement Office to review.

Summary of Nonaudit Services

Procurement

*Auditors:
Stacy Duke
Stephanie Rath-Tickle, MLIS
Brandon Dunstane*

We attended proposal openings for professional service RFPs as prescribed by the County Administrative Code.



Single Audit

*Auditor:
Kathy Kuzma, MBA,
CPA, CGMA*

We researched and responded to various letters from grantor agencies relating to the Single Audit Schedule of Expenditures of Federal Awards.



Training

*Auditors:
Frank Kedl, CIA
Kathy Kuzma, MBA,
CPA, CGMA*

Sponsored the 2014 Fall Conference for Government Auditors.

Conducted grant receipt confirmation training for County employees.

Summary of Other Work

In addition to issuing reports and performing nonaudit services, the Controller's Office committed staff resources to the other assignments summarized below.

<u>Assignment</u>	<u>Completion Date</u>
Assisted CliftonLarsonAllen LLP with the 2013 year end financial audit.	March 2014
Assisted CliftonLarsonAllen LLP with the 2013 Single Audit.	April 2014
Disposed of office files in accordance with the County Records Manual issued by the Pennsylvania Historical and Museum Commission.	April 2014
Submitted abstracts of audit reports for publication in the Local Government Auditing Quarterly.	Ongoing
Updated the Controller's Office web page with audit reports and other pertinent information.	Ongoing
Scanned audit reports and workpapers in PDF format for file retention.	Ongoing

Work in Process

The following audits and agreed upon procedure engagements are in progress at December 31, 2014. These assignments will be included in the 2015 Summary of Reports Issued.

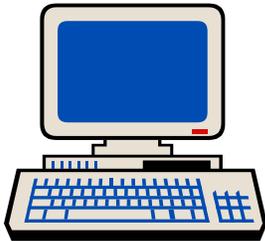
<u>Assignment</u>	<u>Projected Issue Date</u>
Hotel Tax – Hanover Eatery License #151	January 2015
Hotel Tax – Comfort Suites Bethlehem License #102	January 2015
Hotel Tax – TownePlace Suites License #138	January 2015
Article XIII	February 2015
Public Works Timekeeping	February 2015
Procurement Card 6/30/14	February 2015
Administrative Services Postage Account	February 2015
Drug Forfeiture Agency Fund	February 2015
Offender Supervision Fee 6/30/14	March 2015
Hotel Tax – Riverton Hotel License #145	March 2015
Internal Controls – Public Works	April 2015

Office Improvements

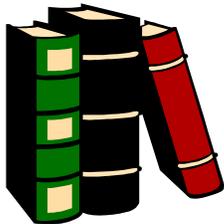
The staff of the Controller's Office continually strives to improve themselves and the audit process. During 2014 we made several improvements to our processes and professional skills.



- ◆ Completed 332 hours of continuing professional education to comply with Government Auditing Standards and professional certifications.
- ◆ Continued to exchange ideas with other local government auditors and the Association of Local Government Auditors (ALGA).
- ◆ Participated in ACL Audit Software User's Group.



- ◆ Continued to use the Internet to research audit subject matter and evaluate the best practices of other audit departments.
- ◆ Continued to use Sharepoint to post documents, make office announcements and monitor audit projects.
- ◆ Purchased two new PCs for the office.



- ◆ Revised the office policies and procedures manual.
- ◆ Relocated the Controller's office to the first floor.